

## Senate Bill No. 954

### CHAPTER 556

An act to add Sections 12103.5, 12104, and 12104.5 to the Public Contract Code, relating to public contracts, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 5, 2005. Filed with  
Secretary of State October 5, 2005.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 954, Figueroa. Information technology goods and services: procurement.

Existing law sets forth the requirements for the acquisition of information technology goods and services by the state, and requires all contracts for the acquisition of those goods and services to be made by or under the supervision of the Department of General Services, with expenditures in this regard subject to the review and approval of the Department of Finance.

This bill makes certain findings regarding the manner in which state agencies procure information technology goods and services. This bill would require the Department of General Services, on or before January 1, 2007, to develop policies and guidelines for the procurement of information technology goods and services, including identifying and documenting information for requests for proposals, publishing policies regarding obtaining bids for and acquiring information technology, establishing a centralized entity responsible for information technology procurement methods within the Department of General Services, developing uniform standards, with at least 2 public hearings, for information technology procurement, and communicating rules and requirements to vendors and the general public.

This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) The State of California depends on information technology goods and services to accomplish its legally mandated core business functions and public services and it is in the best interest of the state to procure these services according to best practices, thereby rationalizing the process and providing a consistent basis for communication and decisionmaking.

(b) Information technology improves the functioning of government by providing increased public access and enhanced customer service.

(c) Conducting business with technology industry vendors in a professional manner with an attitude of cooperative, direct, and straightforward communication serves the best interests of the State of California and its citizens for the following reasons:

(1) Vendors can better respond to the state if published business and technical requirements are clear.

(2) An efficient and effective procurement process saves the state valuable dollars and time, mitigating overall project risk long term.

(d) Information technology goods and services are complex and multidimensional. The implementation of new technology invariably impacts existing technology, dependent and independent information technology systems, governmental business processes, operational expectations and outcomes, and future technical and operations choices for the functions of a governmental entity. Purchases, therefore, should be considered in the appropriate context with a total cost of ownership for the state.

(e) New information systems that require information technology goods and services for their implementation should be conceived in terms of a “solution.” Thinking and planning according to an information technology “solution” mindset appropriately considers the complete set of information technology goods and services required to complete an objective or set of objectives in the context of the actual business needs of the purchasing state agency. This also provides a means with which to consider the overall purchasing decision and weigh the benefits of different information technology options according to the total cost of ownership for the state.

SEC. 2. Section 12103.5 is added to the Public Contract Code, to read:

12103.5. Beginning January 1, 2007, for those information technology purchases for which the department determines that a request for proposal (RFP) is appropriate, the department shall identify and document the following, with respect to information technology procurements, prior to releasing the RFP:

(a) Identify the legislative mandate, state business, or operational reason for the information technology procurement.

(b) Identify the existing business processes currently used to accomplish the legislative mandate, state business, or operational reason.

(c) Identify the most important priorities for the information technology project to accomplish.

(d) Identify what current technology is being used and how it is being used.

(e) If the data used in a proposed information technology system comes from multiple sources, identify the existing business processes or technical systems that produce and maintain the source data to ensure interoperability.

(f) Identify how the new information technology project leverages existing technology investments while accomplishing its business objectives.

SEC. 3. Section 12104 is added to the Public Contract Code, to read:

12104. (a) (1) Commencing on or before January 1, 2007, the State Contracting Manual shall set forth all policies, procedures, and methods that shall be used by the department when seeking to obtain bids for the acquisition of information technology, including any policies contained in the State Administrative Manual.

(2) Revisions to the manual must be publicly announced, including, but not limited to, postings on the department's Internet homepage.

(b) On or before January 1, 2007, the department shall designate a single entity within the department that shall be solely responsible for the development, implementation, and maintenance of standardized methods for the development of information technology requests for proposals.

(c) Commencing on or before January 1, 2007, all information technology requests for proposals shall be reviewed by the Office of Legal Services prior to release to the public.

(d) (1) On or before January 1, 2007, the department, in consultation with a representative from the Department of Technology Services, the Department of Finance, the Senate, and the Assembly, along with representatives from the information technology industry, shall issue a management memorandum setting forth uniform standards for information technology procurement. The management memorandum shall prioritize how the technology will advance the public policy purpose of the state program that the information technology will serve over the department's or client's preference for a particular information product design. Prior to issuing the management memorandum, the department shall hold at least two public hearings on the standards that are proposed to be included in the management memorandum.

(2) The management memorandum issued pursuant to paragraph (1) shall not apply to procurements necessary to meet the requirements of the Department of Justice Hawkins Data Center.

SEC. 4. Section 12104.5 is added to the Public Contract Code, to read:

12104.5. (a) All rules and requirements governing an information technology acquisition, for which the department determines that a request for proposal (RFP) is appropriate, shall be communicated in writing to all vendors that have expressed an intent to bid and shall be posted in a public location. Any changes to the rules and requirements governing that RFP shall be communicated in writing to all vendors that have expressed an intent to bid and shall be posted in a public location. No requirements other than those provided by law or outside of the published RFP and posted addendums shall be used by the department to score bids.

(b) The requirements of this section shall be in addition to any other requirement provided by law.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to protect the integrity of California's information technology procurement practices, and to ensure that the state is not wasting resources

on poorly designed technology investments that may fail to perform in critical state health and safety programs, it is necessary that this act take effect immediately.